

SUPPORTING STATEMENT FOR
UNITED STATES INTERNATIONAL TRADE COMMISSION TELEPHONE SURVEY

THE ECONOMIC IMPACT OF U.S. SANCTIONS WITH RESPECT TO CUBA

A. Justification

1. Request

On March 15, 2000, the U.S. International Trade Commission, at the request of the Chairman of the U.S. House Committee on Ways and Means (attachment 1), instituted investigation No. 332-413, *The Economic Impact of U.S. Sanctions with Respect to Cuba*.

The Commission has the responsibility of providing reports on issues affecting trade under Section 332 of the Tariff Act of 1930. Section 333(a) of the Act authorizes the Commission to obtain information. A copy of the section of the statute that authorizes the collection of information is attached to the supporting statement (attachment 2).

2. Purpose

The information collected will be consolidated by the Commission in a public report and sent to the U.S. House Committee on Ways and Means by February 15, 2000. The information to be collected is critical to the Commission's task, as it will provide data on the historical impact of U.S. sanctions on both the U.S. and Cuban economies, and to evaluate the current impact on U.S.-Cuban bilateral trade, investment, employment, and consumers of the economic sanctions on trade and investment with Cuba.

3. Technology

All available information technology has been incorporated into the questionnaire design and processing to reduce the reporting burden. There are no technical and legal obstacles to such efforts.

4. Non-duplication

The Commission investigation has been designed to rely to the greatest extent possible on existing publicly available data collections by other government agencies and private sources. After a thorough background search of data sources for this investigation, it has been determined that no other industry, government, or academic organizations collect or publish data which are duplicative of the data requested in the telephone questionnaire.

5. Non-applicability

Data from existing public or private sector sources on this topic do not exist.

6. Small businesses

None of the companies tentatively identified to be contacted are "small businesses," as specified under the Small Business Administration Rules (13 CFR Part 121).

7. Frequency

Not applicable. This is a nonrecurring data collection.

8. Consistency with 5 CFR 1320.6 guidelines

No special circumstances exist that require the collection to be conducted in a manner inconsistent with the guidelines of 5 CFR 1320.6. If any respondents do not maintain information in the format requested by the questionnaires, they are permitted to submit carefully prepared estimates based upon available information and their best estimates.

9. Consultations

Similar questions were asked during the Commission's May 1999 and May 1998 telephone survey of businesses regarding the economic effects of U.S. sanctions. Like the earlier surveys, the proposed survey seeks information from businesses and organizations regarding the likely effects on trade and investment from a change in status of certain U.S. trading partners. Respondents will be firms and industry organizations which have traded/invested in Cuba, or might do so if normal trade relations were re-established.

10. Confidentiality

The first page of the telephone survey states: "If you desire the Commission to treat as confidential any commercial or financial information stated during this survey, please clearly state that you wish responses to be treated as "Confidential Business Information." " Data that is submitted as confidential will not be disclosed except as may be required by law. The authority for accepting submissions of information as confidential is codified under 19 CFR 201.6.

11. Sensitive information

Information on issues of a sensitive nature involving persons is not being sought.

12. Project cost

The estimated total cost to the Federal Government for Investigation No. 332-413 is \$255,400. This cost is based upon an estimate of the total direct cost of the investigation. The direct cost consists of the value of the staff time, travel, data/materials acquisition, and printing and associated costs. The total estimated project cost was obtained by adjusting the direct cost upward to include indirect costs, personnel benefits and overhead. The cost data were not annualized; the investigation will be conducted (and the costs incurred) from March 15, 2000 to February 15, 2001.

The estimated cost to the respondents of the information collection for the entire period of study is \$2,275. This cost is based upon the estimated total number of burden hours that will be placed on respondents by the information collection. The burden hour estimate (50 hours, see below) was multiplied by the average hourly cost per employee (45.50) to convert it into dollars. The average hourly cost per employee was weighted to account for different salary levels of firm personnel whose time will be required to complete the questionnaire. It includes estimated wages and "fringe benefits."

13. Response burden

The Commission attempted to reduce burden on respondents by designing a brief telephone survey that specifically targets firms or organizations that do business with Cuba, or potentially could do business with Cuba were the sanctions lifted. Some of the requested data being collected are largely qualitative in nature and should require relatively little time to complete.

The Commission estimates the following burden will be placed on respondents.

Total number of respondents	(no.)	200
Frequency response:	(no.)	100
Annual average burden per respondent:	(hours)	0.5
Total burden:	(hours)	50

These estimates are based on past Commission experience with similar surveys completed in May 1999, May 1998, and February-March 1998. The burden on individual respondents may vary widely. The variance is due to the following rationale: The questionnaires are constructed so that meaningful data can be obtained from firms with complex business operations; many sections of the questionnaires may not apply to respondents with comparatively simple operations.

The Commission included a notice of the above response burden averages in the questionnaires, along with a request that respondents send comments to the Commission and to OMB. The Commission used the standard format recommended by OMB (with additional language added).

14. Change in burden

Not applicable. This is a new information collection.

15. Project plan and schedule

After receiving the completed questionnaires, the Commission's staff will edit and review each response for accuracy, and resolve any questions with the respondent. Data will be analyzed, compiled in a form that will not reveal the individual operations of any respondent, and prepared for publication. The survey is scheduled to begin in late-May 2000. The respondents are requested to respond by early June, 2000. The reports incorporating the questionnaire information will be submitted to the U.S. House Committee on Ways and Means by February 15, 2001.

B. Collections of Information Employing Statistical Methods

Not applicable. This information collection does not employ statistical methods.

1. The following tabulation shows the estimated number of firms to be surveyed and the expected response rate:

Estimated total firms to be contacted	200
No. surveys per respondent	1
Expected response rate (percent)	50
Estimated total number of completed surveys . .	100

2. The expected response rate is based on the results of similar surveys conducted May 1999, May 1998, and February-March 1998. To maximize response rates the Commission will make follow-up phone calls to encourage a response.
3. No specific tests of businesses or methods were performed.
4. The data received from the questionnaires will be collected and verified by Commission staff and tabulated by personal computer. Statistical specialists within the Commission have been consulted on the format of the questionnaires and the data entry and manipulation methods.

U.S. International Trade Commission
Telephone Survey Worksheet for Inv. 332-413:
The Economic Impact of U.S. Sanctions with Respect to Cuba

Analyst conducting this interview: _____

Division: _____

Date: _____

Company/Association name: _____

Headquarters location: _____

Main products/services: _____

Contact name and title: _____

Contact telephone: _____ Fax: _____ E-mail: _____

Introduction

The U.S. International Trade Commission has been requested by the U.S. House Committee on Ways and Means to conduct a fact-finding investigation to provide an overview and analysis of the economic impact of U.S. sanctions with respect to Cuba. The Commission's report is to be submitted by February 15, 2001. The purpose of this telephone survey is to obtain views of U.S. companies and organizations that are affected by U.S. sanctions on Cuba.

This telephone interview should take no more than half an hour of your time. If you desire the Commission to treat as confidential any commercial or financial information stated during this survey, please clearly state that you wish responses to be treated as "Confidential Business Information." If you would like to submit further information at a later date, such submissions should be received no later than September 6, 2000 to be assured of consideration by the Commission. All submissions should be addressed to Jonathan R. Coleman, United States International Trade Commission, 500 E Street SW, Washington, DC 20436 or by fax to: 202-205-2384.

In accordance with the Paperwork Reduction Act of 1995, the Commission has obtained approval for this survey from the Office of Management and Budget (OMB). OMB approval was granted on May XXX, 2000, approval number : XXX.

Questions 1-7

Directed toward firms/industries that exported to or had investments in Cuba prior to imposition of sanctions, and/or firms/industries that could potentially export to and invest in Cuba if trade relations were re-established

1. Did your company/industry export to or have investments in Cuba prior to the imposition of sanctions in 1960? If yes, ask (a) - (f), if no skip to question 2.
 - (a) What were the nature and extent of your investments in Cuba?
 - (b) How important was Cuban trade to overall sales by your company/industry?
 - (c) Which countries do you think replaced you as the supplier(s) in the Cuban market?
 - (d) How did the imposition of sanctions impact you in terms of loss of production, sales, employment, follow up sales to your company/industry?
 - (e) Did you find alternative markets for your goods (and/or services)? Were these markets in the Caribbean Islands, South America, or elsewhere?
 - (f) How quickly were you able to find these alternative markets?
2. If trade relations were re-established, would you try to export to or invest in Cuba? Please provide an explanation for your answer.
3. What factors (such as costs, price, quality, service) principally influence the competitiveness of your industry in world markets? Compare and contrast these factors with those influencing the competitiveness of the Cuban industry.
4. Are you aware of any Cuban nontariff trade and investment barriers (such as consumer preferences, SPS regulations, labeling requirements) that U.S. exports and investments would face if trade relations were re-established? If yes, which are most significant?
5. If trade relations were re-established, what would be your estimate (either quantitative or qualitative) of annual U.S. exports of your product /service to Cuba? Who would be your major competitors in the Cuban market? What would be your estimate (either quantitative or qualitative) of U.S. investments in Cuba with respect to your product /service?
6. If trade relations were re-established, what would be the impact (either quantitative or qualitative) of U.S. exports to and investments in Cuba on U.S. producers (or service establishments), consumers, prices, employment, and investment in your industry?
7. How long do you think it would take for the impacts you describe to take place?

Question 8-14

Directed toward firms/industries that faced import competition from Cuba prior to imposition of sanctions, and/or firms/industries that could potentially face import competition from Cuba if trade relations were re-established, and/or firms that might potentially import from Cuba if trade relations were re-established

8. Did your company/industry import from Cuba prior to the imposition of sanctions in 1960? If yes ask (a) - (d), if no skip to question 9.
 - (a) How important was Cuban trade for your company/industry?
 - (b) After sanctions were imposed which countries replaced Cuba as suppliers to the U.S. market?
 - (c) What was the impact of the imposition of sanctions on Cuba in terms production, sales, and employment in your company/industry?
9. If trade relations were re-established, would Cuban imports be competitive in your industry with column 2 rates of duty? If no, would they be competitive with column 1 rates of duty?
10. What factors (such as costs, price, quality, service) principally influence Cuban international competitiveness in your industry? Compare and contrast these factors with the U.S. industry.
11. In your opinion, what are the major U.S. nontariff trade barriers (such as consumer preferences, SPS regulations, labeling requirements) that U.S. imports from Cuba would face if trade relations were re-established?
12. If trade relations were re-established, what would be your estimate (either quantitative or qualitative) of annual U.S. imports from Cuba? Who would be Cuba's major competitors in the U.S. market?
13. If trade relations were re-established, what would be the impact (either quantitative or qualitative) of U.S. imports from Cuba on U.S. producers (or service establishments), consumers, prices, employment, and investment in your industry?
14. How long do you think it would take for the impacts you describe to take place?

Question 15-19

Directed toward all firms/industries

15. Can you provide us with any information on the Cuban industry, such as on production, number of establishments, employment, and organization and ownership characteristics?
16. Can you provide us with any information on Cuban demand and market characteristics in your industry, such as market scope and size, per capita incomes, consumer preferences?
17. Are you aware of any industry, sector, or product specific studies with respect to Cuba?
18. Would your company/association wish to submit oral or written testimony to the USITC for this study (Hearing on September 19, 2000). If yes, whom should the USITC contact?
19. Any other comments?